

**BELFRY GAS COMPANY, INC.**

Post Office Box 504  
Allen, KY 41601  
(606) 874-2846

**RECEIVED**  
MAY 30 2008  
PUBLIC SERVICE  
COMMISSION

May 28, 2008

Public Service Commission  
Attn: Beth O'Donnell  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Dear Ms. O'Donnell:

2008-193

Please find enclosed Belfry Gas Company's PGA for July 1, 2008, thru October 1, 2008.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,

*Stephen G. Jenkins*

Stephen G. Jenkins, Manager  
Belfry Gas Company, Inc.

Enclosure

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

MAY 29, 2008

Date Rates to be Effective:

July 1, 2008

Reporting Period is Calendar Quarter Ended:

MARCH 31, 2008

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 14,2800
+ Refund Adjustment (RA)	\$/Mcf	(1,0008)
+ Actual Adjustment (AA)	\$/Mcf	.0031
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 14.2823

GCR to be effective for service rendered from July 1, 2008 to SEPTEMBER 30, 2008

---

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	561,404
	+ Sales for the 12 months ended <u>MARCH 31, 2008</u>	Mcf	39,314
	= Expected Gas Cost (EGC)	\$/Mcf	14.2800
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	(1,0008)
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	= Refund Adjustment (RA)	\$/Mcf	(1,0008)
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0012
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0046
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0079
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(1,0106)
	= Actual Adjustment (AA)	\$/Mcf	.0031
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	= Balance Adjustment (BA)	\$/Mcf	0

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended MARCH 31, 2008

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) <u>Btu Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Kinhag Development Company, LLC	32,762	1.20	39,314	14.2800	\$ 561,404
<b>Totals</b>	<u>32,762</u>		<u>39,314</u>		<u>\$ 561,404</u>

Line loss for 12 months ended March 31, 2008 is .2491 % based on purchases of 39,341 Mcf and sales of 39,243 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	561,404
+ Mcf Purchases (4)	Mcf	39,314
= Average Expected Cost Per Mcf Purchased	\$/Mcf	14.2800
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	39,314
= Total Expected Gas Cost (to Schedule IA.)	\$	561,404

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE III  
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended MARCH 31, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	29.35
<u>+ Interest</u>	\$	<u>0</u>
= Refund Adjustment including interest	\$	29.35
<u>+ Sales for 12 months ended <u>March 31, 2008</u></u>	Mcf	<u>39,243</u>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	<u>.0008</u>

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended MARCH 31, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 ( JAN )</u>	<u>Month 2 ( FEB )</u>	<u>Month 3 ( MAR )</u>
Total Supply Volumes Purchased	Mcf	6678	8265	6531
Total Cost of Volumes Purchased	\$	61,304	75,873	59,955
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	6678	8260	6531
<hr/>		<hr/>	<hr/>	<hr/>
= Unit Cost of Gas	\$/Mcf	9.1800	9.1856	9.1801
- EGC in effect for month	\$/Mcf	9.1800	9.1800	9.1800
<hr/>		<hr/>	<hr/>	<hr/>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	0	.0056	.0001
<hr/>		<hr/>	<hr/>	<hr/>
x Actual sales during month	Mcf	6678	8260	6531
<hr/>		<hr/>	<hr/>	<hr/>
= Monthly cost difference	\$	0	46.2560	.6531

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	46.9091
+ Sales for 12 months ended <u>MARCH 31, 2008</u>	Mcf	39,243
<hr/>		<hr/>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0012

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended MARCH 31, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	
Equals: Balance Adjustment for the AA.	\$	_____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	_____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	_____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	
+ Sales for 12 months ended _____	Mcf	_____
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	○

KINHAG DEVELOPMENT COMPANY, LLC

P. O. BOX 155  
ALLEN, KY 41601

May 28, 2008

Belfry Gas Company, Inc.  
P.O. Box 504  
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective July 1, 2008. Your company will be charged a cost of \$14.2800 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinthag Development Company, LLC, and the most current FERC Index as of May 12, 2008. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

NYMEX

12 May 08 - Settle

Month	Price	Change	Highest	Lowest
June	11.301	-.236	11.537	1.685
July	11.431	-.226	11.657	1.517
Aug.	11.513	-.218	11.731	1.385
Sept.	11.535	-.212	11.747	1.484
Oct.	11.599	-.205	13.907	1.406
Nov.	11.854	-.200	14.338	1.772
Dec.	12.224	-.193	14.764	1.661
Jan.	12.442	-.185	15.378	1.639
Feb.	12.382	-.185	15.427	1.046
Mar.	12.102	-.185	15.287	1.249
Apr.	10.332	-.125	11.508	1.418
May.	10.139	-.121	11.158	1.596

Ave. = 11.5712

11.5712 + .28 =	11.8512	ALL TIME HIGH	12.7018
JUNE CRUDE	124.23 -1.73	ALL TIME HIGH	125.96
DOW	12,876.31 +130.43	ALL TIME HIGH	14,164.53
NASDAC	2488.49 +42.97		

20 May through 26 May - The Northeast and the Southwest will be cooler than normal.

INSIDE FERC INDICES FOR MAY  
 COLUMBIA APPALACHIA = \$11.80  
 COLUMBIA GULF ONSHORE LA. = \$11.23  
 BASIS = \$.57  
 TENN. LA 800 LEG = \$11.20  
 DOMINION TRANS. (APPAL) = \$11.84